

CENTRALISED BANKING

ALTERNATIVE SCHEMES

- (1) C.F.V. to instigate its own scheme under its own control.
- (2) C.F.V. operate in partnership with Victorian Credit Co-operative Association where scheme developed and operating.
- (3) C.F.V. operate in partnership with C.F. N.S.W.
- (4) C.F.V. operate in partnership with commercial professional merchant bank or other approved body.

ALTERNATIVE 1.

Advantages:

CFV would derive total operating surplus for its own revenue.

Operating policies would be those of the Board, CFV, in line with requirements of members and the law.

Disadvantages:

CFV would be liable for all the risks of the operation.

CFV would require to engage competent professional staff which ultimately would be funded by the scheme but for some time would have to be funded from some other source.

CFV would require to initiate the scheme from scratch - printing relevant forms, arrangements with selected Bank, creating confidence amongst potential participants.

Legislative amendments needed include -

Co-operation Act Regulations

Financial Institutions Duty Act
(obtaining exemption from duty)

ALTERNATIVE 2.

Advantages:

Scheme in operation and working well with support of the Registrar.

Risk and cost factors for CFV reduced.

Minor legislative inhibitions though exempted from F.I.D.

Example of Co-operation amongst Co-operatives - using financial arm of Co-operatives in correct way.

Disadvantages:

CFV's share of income derived from operations would not be great but would be unencumbered with cost.

Traditional Co-operative members would have to be educated to accept the bona fides and efficiencies of V.C.C.A.

Any Government funds that might conceivably be made available to CFV as part of a Co-operative Development Agency structure would be invested in V.C.C.A. Arrangements for control by CFV could possibly be worked out.

Some amendment to law would be required to enable V.C.C.A. to provide central banking services for other than its members.

ALTERNATIVE 3.

Advantages:

Scheme in operation and working well with the support of the Registrar, N.S.W.

Risk and cost factors for CFV reduced.

Minor legislative inhibitions though exempted from F.I.D.

Example of Co-operation amongst Co-operatives - using financial arm of Co-operatives in correct way.

Advantages (cont.)

Scheme would operate within framework of CFA as a development towards establishment of a Co-operative Bank.

Disadvantages:

CFV's share of income derived from operations would not be great but would be unencumbered with cost.

Traditional Co-operative members would have to be educated to accept the bona fides and efficiencies of CF NSW.

Transfer of funds from Victoria to an N.S.W. scheme not attractive to Registrar or Treasurer.

ALTERNATIVE 4.

Advantages:

Benefit of professional expertise - at cost.

Disadvantages:

Not exempted from F.I.D.

Not an exercise in Co-operation amongst Co-operatives.

ACTION TAKEN BY EXECUTIVE OFFICER

In view of published statements in response to Minister's Discussion Paper for Co-operation Legislative Review Committee that VCCA wishes to practice more Co-operation amongst Co-operatives, remain under the Co-operation Act and generally to be seen as adhering to the recognised Principles of Co-operation:

In the light of discussions held with senior management of V.C.C.A:

Taking into account Advantages and Disadvantages above:

I sought the assistance of V.C.C.A. in preparation of an exercise for information of the Board.

The daily balances of six anonymous Co-operatives for the month of May, June 1983 were listed and submitted to the Manager, Finance for report in accordance with the attached letter.

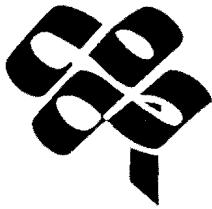
The response from V.C.C.A. is also attached.

ACTION BY BOARD

Policy decision:

Whether or not to proceed with development of Centralised Banking Service for members.

Under which of the four alternatives (or any other) schemes should it be operated?



CO-OPERATIVE FEDERATION OF VICTORIA LTD.

225 Swanston Street, Melbourne, Victoria 3000, Australia
Telephone (03) 663 1674
Postal Address: G.P.O. Box 5211AA, Melbourne, Victoria 3001, Australia

8th September, 1983.

Mr. D. Dinning,
General Manager,
Victorian Credit Co-operative Assocn.Ltd.,
69 Wellington Street,
WINDSOR, 3181.

Dear David,

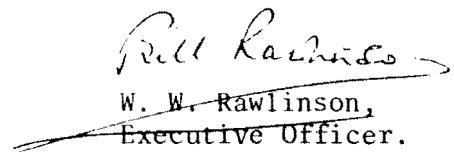
Centralised Banking and Investment Service

1. I write to confirm our discussion in which I canvassed a proposal for consideration by you that V.C.C.A. might extend the Centralised Banking Service developed for your members to take in Producer, Trading, Community Co-operatives associated in membership of this Federation.
2. The proposal is that the Co-operative Federation of Victoria would introduce non members of your Association to V.C.C.A. for which, subject to mutual satisfactory agreement, V.C.C.A. would operate their banking service with the object of
 - (i) increasing practical co-operation amongst different arms of the Co-operative sector;
 - (ii) reducing banking costs to such participating Co-operatives;
 - (iii) increasing central banking business conducted by the V.C.C.A.;
 - (iv) providing commission revenue to the Co-operative Federation of Victoria.
3. To assist in consideration of this proposal I enclose as a practical exercise -
 - (1) Daily bank balances of seven different Co-operatives for the period 2nd May 1983 to 30th June 1983 inclusive.
 - (2) Bank statements of those Co-operatives to give an indication of number of bank transactions.
4. To enable the Board of the Federation to give positive consideration to your response it would be helpful if you could advise -
 - (1) The net cost benefit to each of these seven Co-operatives on their banking operations over the period, had they been full participants in V.C.C.A. Central Banking Scheme at current interest rates.

- (2) The net benefit that the Co-operative Federation might have obtained from such involvement.
- (3) Any legal or administrative impediments you see that would have to be overcome to implement such co-operative effort should V.C.C.A. and C.F.V. agree in principle to proceeding with the proposition.
- (4) The requirements that participating Co-operatives would have to meet to become full participants.
- (5) What arrangements would apply in the event of a participant wishing to withdraw from the scheme.
- (6) The basis of income sharing between V.C.C.A. and C.F.V. from revenue generated by this increased business from non Association member Co-operatives.
- (7) Any other matters which your experience in this type of service indicates should be known by our Board of Directors.

It would be helpful if we could have your response by p.m., Friday, 16th September 1983.

Yours sincerely,


W. W. Rawlinson,
Executive Officer.

		CENTRALISED	BANKING	EXERCISE	-	DAILY	BALANCES	-	SIX	MISCELLANEOUS	CO-OPERATIVES
		ANZ	ANZ	ANZ		NATNL.		NATNL.	ANZ		NATNL.
		A.	B.	C.	D.	E.	F.		G.		
		A11 Dr.	A11 Cr.				A11 Cr.				
May	2	11,922DR.	22,539CR.	7,051CR.	210,666DR.	5,456DR.	23,710CR.	24,643DR.			
	3	21,630	20,208	5,354	266,864DR.	13,805DR.	23,209	35,744DR.			
	4	24,196	31,656	4,889	292,701DR.	18,276DR.	23,188	43,914CR.			
	5	34,061	27,709	4,442	293,478DR.	16,311DR.	21,731	25,049CR.			
	6	19,311	21,716	11,390	256,445DR.	15,807DR.	23,913	36,368CR.			
	9	15,875	21,385	20,467	233,022DR.	11,207DR.	23,113	33,771CR.			
	10	25,302	18,638	35,387	193,640DR.	9,415DR.	22,459	31,517CR.			
	11	26,833	33,772	39,980	162,189DR.	12,322DR.	8,818	44,560CR.			
	12	38,775	32,889	28,349	142,207DR.	10,800DR.	5,231	33,069CR.			
	13	23,847	27,228	26,870	117,076DR.	8,732DR.	8,746	25,644CR.			
	16	19,496	25,521	29,211	142,067DR.	2,377DR.	5,585	18,040CR.			
	17	29,325	26,183	33,943	49,463DR.	917DR.	3,826	17,243CR.			
	18	24,101	26,204	39,612	56,730DR.	1,341DR.	3,334	61,486CR.			
	19	35,373	24,639	25,716	4,194CR.	3,980CR.	3,262	30,032CR.			
	20	31,178	18,363	18,374	36,430CR.	5,812DR.	17,351	82,563CR.			
	23	23,339	19,866	20,514	94,540CR.	10,180DR.	17,351	64,201CR.			
	24	29,647	19,833	18,120	66,069CR.	8,771DR.	4,796	78,133CR.			
	25	38,810	18,690	20,439	105,577CR.	7,688DR.	4,796	75,757CR.			
	26	30,395	20,415	26,083	52,650CR.	8,722DR.	4,796	63,736CR.			
	27	27,296	30,638	2,017	10,798DR.	11,468DR.	5,974	66,841CR.			
	30	26,269	34,782	4,632	117,873DR.	3,178DR.	5,974	86,091CR.			
	31	56,858	25,551	10,107	286,024DR.	347DR.	5,965	20,662CR.			
June	1	52,052	23,753	6,380	213,186DR.	1,690CR.	6,285	34,885CR.			
	2	44,500	19,219	7,471	289,286DR.	14,428DR.	5,780	25,430CR.			
	3	28,542	20,560	7,153	297,611DR.	14,978DR.	7,287	20,010DR.			
	6	22,486	26,783	13,710	312,110DR.	8,881DR.	7,170	21,204DR.			
	7	33,897	26,692	2,886	289,188DR.	7,830DR.	7,170	33,761DR.			
	8	24,939	28,821	736	272,240DR.	8,607DR.	6,834	16,866DR.			
	9	16,033	29,559	653	277,380DR.	7,504DR.	5,833	37,718DR.			
	10	18,282	32,038	4,329	231,159DR.	5,423DR.	3,161	30,462DR.			
	14	16,727	37,267	3,536	233,917DR.	600DR.	11,909	40,213DR.			
	15	26,704	30,997	6,235	211,865DR.	801DR.	11,305	7,969DR.			

	<u>ANZ</u> A.	<u>ANZ</u> B.	<u>ANZ</u> C.	<u>NATNL.</u> D.	<u>NATNL.</u> E.	<u>ANZ</u> F.	NATL. G.
June 16	40,633DR.	29,029CR.	7,539CR.	176,725DR.	888CR.	10,346CR.	26,872
17	26,097	28,216	11,241	124,384DR.	2,496CR.	42,134	80,330
20	22,942	23,933	9,905	88,522DR.	8,484CR.	41,781	107,266DR.
21	45,031	19,049	12,376	62,121DR.	7,356CR.	41,781	107,773DR.
22	38,253	19,762	9,549	32,653DR.	6,236CR.	40,197	79,665DR.
23	33,282	20,211	9,129	12,368CR.	1,049DR.	32,823	98,738DR.
24	32,933	13,552	10,575	489CR.	1,202DR.	46,136	85,860DR.
27	31,794	12,662	4,982	54,106DR.	2,562CR.	46,382	93,260DR.
28	26,402	8,615	6,700	152,777DR.	5,004CR.	45,072	87,383DR.
29	31,955	22,269	9,018	147,990DR.	6,308CR.	44,733	51,589DR.
30	41,097	17,898	2,931DR.	253,572DR.	3,785DR.	44,579	68,346DR.